



Department of Veterans Affairs

Financial Policy

Volume II

Appropriations, Funds and Related Information

Chapter 2G

Enhanced-Use Funds

Approved:

A handwritten signature in black ink, appearing to read "Ed Murray", is written over a horizontal line.

Edward J. Murray
Interim Assistant Secretary for Management
And Interim Chief Financial Officer

1-26-2017

Date

VA Financial Policies and Procedures
Enhanced-Use Funds

CHAPTER 2G

| | |
|---------------------------------------|----|
| 0201 OVERVIEW | 2 |
| 0202 POLICIES | 3 |
| 0203 AUTHORITY AND REFERENCES | 7 |
| 0204 ROLES AND RESPONSIBILITIES | 7 |
| 0205 PROCEDURES | 9 |
| 0206 DEFINITIONS..... | 15 |
| 0207 RESCISSIONS..... | 17 |
| 0208 QUESTIONS | 17 |
| 0209 REVISIONS..... | 17 |
| APPENDIX A | 19 |
| APPENDIX B | 21 |
| APPENDIX C | 35 |
| APPENDIX D | 37 |
| APPENDIX E | 38 |
| APPENDIX F..... | 39 |

0201 OVERVIEW

This chapter establishes the Department of Veterans Affairs (VA) financial policies and procedures regarding the treatment of proceeds received through enhanced-use (EU) leasing activities, including disposal of enhanced-use leased assets. This chapter further provides guidance associated with administrative responsibilities, delegations of authority and financial management of proceeds obtained through EU leases. Included in this chapter are the following subject areas: EU leasing program policies, reporting requirements in the Capital Asset Management System (CAMS), use of funds and re-delegations of authority.

The EU leasing program is a part of VA's capital asset management program; VA's EU authority was enacted in 1991. The program is an innovative method of acquiring facilities, goods and services in support of achieving Departmental goals and objectives. In return for allowing VA's capital assets to be developed by an EU lessee, per [38 U.S.C. 8162\(b\)\(3\)](#), VA must receive fair consideration consisting of monetary payments, free or discounted use of capital assets or services for VA programs and/or other "in-kind" goods and services that, in the opinion of the Secretary, constitute fair consideration.

The leased property may be developed for VA and/or non-VA uses that will enhance the property, provided such uses are consistent with and do not adversely affect the mission of VA. The proposed leased property must include space for an activity that contributes to VA's mission or follow a concept that provides for using consideration from the lease to improve health care services, benefits or memorial affairs to eligible Veterans. Benefits to VA from an EU lease may include cost savings, cost avoidance, revenue, services, space and buildings. Other benefits may include benefits to the local community, such as an increase in local employment and tax revenues for the local, state and Federal sectors.

Appropriations. As a general rule, VA will not deposit any funds into its appropriations without statutory authority to do so ([31 U.S.C. 3302](#)). Violation of this rule constitutes an illegal augmentation of the appropriation¹.

Enhanced-Use Lease Authority. The Secretary of Veterans Affairs or designee has authority under [38 U.S.C. 8161–8169](#), to enter into enhanced-use lease agreements. [38 U.S.C. 8165](#), Use of Proceeds, governs VA's receipt and use of proceeds from such leases, including proceeds from a disposal of enhanced-use leased property.

Proceeds from Enhanced-Use Leases. Except as described in the paragraph below pertaining to the Applicable Appropriation Act, proceeds received from an enhanced-use lease (less deductions of approved expenses) will be deposited into the Medical Care Collection Fund (MCCF) pursuant to [38 U.S.C. 8165\(a\)\(1\)](#) and thereafter administered in accordance with [38 U.S.C. 1729A](#) or other applicable provision(s) of

¹Refer to Volume II, Chapter 7D, Guidelines to Avoid Augmenting an Appropriation, for further explanation on such improper actions.

law, regulations and procedures. For additional guidance on the EU payment process, see Reference P on the OAEM Web site at <https://vaww.va.gov/oaem/>.

Proceeds from Disposal of Enhanced-Use Lease Property. Funds received by VA from disposal of an enhanced-use leased property under [38 U.S.C. 8164](#) the Secretary has determined is no longer needed by VA will be deposited into the Capital Asset Fund – 5459 ([38 U.S.C. 8165](#)), except as provided in the Applicable Appropriations Act, which follows.

Applicable Appropriations Act. The Secretary or designee may decide to deposit all proceeds or revenues derived from enhanced-use leasing activities (including disposal) directly into the Construction, Major Projects Fund – 0110 or the Construction, Minor Projects Fund – 0111 (section 213 of the Military Construction and Veterans Affairs and Related Agencies Appropriation Act, 2009 ([Public Law 110-329](#))). Proceeds from disposals may also be initially recorded in the Capital Asset Fund, but subsequently transferred to either the Major or Minor Construction Fund (section 217 of the Military Construction and Veterans Affairs and Related Agencies Appropriations Act, 2009 ([Public Law 110-329](#))).

Use of Enhanced-Use Proceeds. Amounts deducted from enhanced-use lease proceeds to reimburse a fund for expenses incurred by that fund, during a prior fiscal year for providing enhanced-use lease services, may be obligated during the fiscal year in which the proceeds are received ([Public Law 109-114, section 209](#)). Additionally, with the approval of the Secretary, enhanced-use lease proceeds may be used to reimburse applicable VA appropriations for any expenses incurred in developing additional enhanced-use leases ([38 U.S.C. 8165](#)).

Amounts in Suspense Accounts. Proceeds received from an enhanced-use lease activity and initially deposited in a suspense account, will be reconciled and moved to the appropriate account within 60 calendar days.

The Department of the Treasury's Financial Management Service (FMS), in coordination with the Office of Management and Budget (OMB), has discontinued the use of F3885 and F3875 suspense accounts, effective July 31, 2008, unless agencies request a waiver and a waiver is granted. VA has received Treasury approval to continue using the suspense "F" accounts. This waiver, however, must be re-certified for VA to continue to use the suspense accounts.

0202 POLICIES

020201 Proceeds received from an enhanced-use lease activity will be initially deposited into a suspense account (Fund 3875E) and recorded in the accounting system with a station-specific revenue source code,² if the permanent classification is unknown. After the permanent classification is determined, the funds will be deposited

²Refer to Volume I, Chapter 4A, "Revenue Source Codes" for additional information on the use of such codes.

into the appropriate account using fund code 528710, with a station-specific revenue source code.³

020202 Reimbursement to other VA appropriations, such as General Operating Expenses (GOE) for the Office of General Counsel and/or the Office of Asset Enterprise Management (OAEM) for enhanced-use related expenses, may be made out of the proceeds in the suspense account, while VA has an approved waiver to use such accounts for these purposes.

020203 Any proceeds remaining in suspense will be moved to the appropriate Medical Care Collections Fund (MCCF), Construction, Major Projects or Construction, Minor Projects within 60 calendar days after the initial deposit is made into the suspense account.

020204 Reimbursements within a VA appropriation will be accomplished by expenditure transfers, while reimbursements between VA appropriations will be accomplished by appropriation reimbursements, provided that the receiving appropriation has reimbursement authority.

020205 VA will lease real property under its control or jurisdiction to other public or private sector entities on a long-term basis (up to 75 years) in return for cash and/or “in-kind” consideration⁴ (the provision of goods, facilities, construction, services or other activities that result in a demonstrable improvement of services to Veterans) as all or part of the consideration for the lease. The term of the EU lease will be no longer than necessary in order to maximize benefits to the Department.

020206 VA will maintain a priority list of EU leasing projects that have been recognized and approved by the Secretary as meeting VA’s objectives for the EU program and, accordingly, are appropriate for expenditure of VA resources toward development.

020207 Development of EU leasing projects requires compliance with all established policies and procedures during each phase of project development, as defined in Appendices B-E of this chapter.

020208 VA will comply with the following statutory requirements:

A. Conduct a public hearing in the locality of the contemplated lease after the House and Senate Veterans’ Affairs Committees and the public have been given reasonable notice that identifies the time and place for the hearing, the property to be leased and its proposed uses and describes how the contemplated project would contribute to and not be inconsistent with or adversely affect VA’s mission.

³The Office of Asset Enterprise Management (OAEM), VA Central Office, will use revenue source code E900.

⁴For additional information on bartering transactions, refer to Volume I, Chapter 10, “Bartering.”

B. Provide the House and Senate Veterans' Affairs oversight committees with a notice of intent to enter into an enhanced-use lease and publish this notice in the Federal Register not less than 45 days prior to executing the lease.

020209 VA will abide by all Federal environmental and historic preservation laws under its enhanced-use leasing authority. See 020304-020307 for the specific laws.

020210 VA is not required to follow the Federal Acquisition Regulation (FAR) or the VA Acquisition Regulation (VAAR) under its EU leasing authority. However, the EU leasing process will consider FAR/VAAR guidance, where practicable, in the process of selecting the EU lessee to ensure integrity.

020211 VA will use competitive selections. Under limited circumstances, an EU lessee may be directly selected without a competitive process. In all such cases, these limited selections must be justified as being in the best interests of the Department. For all instances in which such selections are being considered, except in the case of statutory exceptions, a "Direct Source Leasing Memorandum" must be reviewed and approved by OAEM and General Counsel, generally prior to a statutory-required public hearing.

020212 VA will report and attach information about milestones, approvals and supporting documents that occur during the formulation, execution, steady-state and disposal phases of EU lease projects in the Capital Asset Management System (CAMS) and in the Capital Asset Inventory (CAI) database. All reportable information must be entered into CAMS within 10 business days of completion. Typical operations during the steady-state phase will be addressed through monthly updates, including entering the consideration VA receives for a lease into CAI.⁵ For non-delegated projects, the portfolio manager is responsible for entering all reportable information into CAMS within 5 business days of completion.

020213 VA will use minor construction funds as a capital contribution to an EU lease (not to exceed currently \$10 million), in accordance with its authority contained in [38 U.S.C. 8162\(b\)\(4\)\(B\)](#).

020214 All VA contributions of funds will first comply with all existing Departmental internal controls and approvals for the use of such funds. The use of minor construction funds will be coordinated with the involved Administration and/or staff office.

020215 The CFO will execute EU leases (including any amendments) and has the authority⁶ to redelegate execution of such leases, as set forth in the specific re delegation. The re delegation to execute does not include amendments. If an amendment is sought, it must be submitted through the CFO, who may execute it or redelegate the authority on an amendment-by-amendment basis. All future re delegations from the CFO must be in compliance with the "Enhanced-Use Lease

⁵Information from CAI is pulled into CAMS and is available at the following Web address in CAMS: <https://vaww.vhacowebapps.cio.med.va.gov/cis>.

⁶ The Secretary of VA has delegated the authority to execute EU leases pursuant to 38 U.S.C. 512(a)

Delegation Plan” approved by the Secretary on September 10, 2004. Such redelegations may only be made for EU leasing projects that meet the following criteria:

- A. Government Liability. Projects in which the Department assumes no obligation or liability (other than an out-lease of the subject property) for any aspect of the financing of any improvement developed in relation to the lease, nor guarantees any minimum use of the improvement. Projects must be in compliance with applicable OMB scoring guidance.
- B. Value. Projects with a capital cost (including both the lessee’s and any VA contribution other than land) below the threshold for major construction (currently \$10 million).
- C. Length of Term. Projects with a lease term not-to-exceed 55 years.
- D. Department-Level Significance. Projects that are not considered “significant asset initiatives” (such as major campus realignments) or are not of exceptional visibility (as determined by the Secretary).

020216 VA will delegate the following steps to OAEM for specific purposes as follows:

- A. Submission of proposed EU projects in annual strategic plans
- B. Preparation of concept plans
- C. Coordination and documentation of the public hearing, including preparation of the public hearing notice for VACO clearance and release
- D. Development and issuance of Requests for Expressions of Interest (REI) and Requests for Proposal (RFP)
- E. Selection of a lessee
- F. Acquisition of all required legal, historical and environmental documentation; preparation of Congressional notification documents for VACO clearance and signature by the Secretary
- G. Administration and monitoring of the executed lease and quarterly reporting requirements.

020217 Each executed EU lease project managed by OAEM may be subject to a reimbursement fee to be charged against the proceeds from the project. This charge is designed to reimburse OAEM and the Office of the General Counsel for direct and indirect project-related expenses associated with planning, developing, executing, managing and providing legal advice and services for the respective EU project, transactions and lease. This fee is not to exceed reasonable VA expenses.

A. **Departmental Asset Initiatives.** OAEM will assess the reimbursement charge on all EU transactions and leases determined to be “Department Asset Initiatives.” For this purpose, such initiatives are considered significant EU transactions developed and managed by OAEM.

B. **Project Financing.** Depending on the availability of financing and/or proceeds from the project, a fee may be collected at lease execution or upon closing of project financing, as determined by OAEM. Further, reimbursement to cover ongoing expenses may be collected not more than annually.

C. **Reimbursements.** Reimbursement is subject to adjustment and may be waived by OAEM when proceeds of the EU lease project are not reasonably sufficient to reimburse VA’s expenses.

0203 AUTHORITY AND REFERENCES

020301 [31 U.S.C. 3302, Custodian of Money](#)

020302 [38 U.S.C. 8161-8169, Enhanced-Use Leases of Real Property, as amended](#)

020303 [Consolidated Security, Disaster Assistance and Continuing Appropriations Act, 2009 – Division E, Military Construction and Veterans Affairs Appropriations Act, 2009](#)

020304 [Comprehensive Environmental Response, Compensation and Liability Act \(CERCLA\)](#)

020305 [National Environmental Policy Act \(NEPA\)](#)

020306 [Resource Conservation and Recovery Act \(RCRA\)](#)

020307 [National Historic Preservation Act of 1966 \(NHPA\)](#)

020308 [Office of Management and Budget \(OMB\) Circular A-123, Appendix A, Management’s Responsibility for Internal Control](#)

0204 ROLES AND RESPONSIBILITIES

020401 Under Secretaries and Assistant Secretaries are responsible for resource decisions and development of all matters pertaining to mission objectives, requirements and justification of their projects; the impact of non-departmental EU activities conducted on VA-controlled property; project funding determinations; and establishment of project priorities for their respective EU leasing projects.

020402 The Assistant Secretary for Management/Chief Financial Officer (CFO), as required by the Chief Financial Officers Act of 1990 and 38 U.S.C. 309, oversees all

financial management activities relating to the Department's programs and operations. Specific responsibilities include the direction, management and provision of policy guidance and oversight of VA's financial management personnel, activities and operations. The CFO establishes financial policy, systems and operating procedures for all VA financial entities and provides guidance on all aspects of financial management.

020403 Under Secretaries, Assistant Secretaries, Chief Financial Officers, Fiscal Officers, Chief Accountants, and other key officials are responsible for ensuring compliance with the policies and procedures set forth in this chapter.

020404 Administrations' Chief Financial Officers shall submit an annual statement by close of September 30 of the previous fiscal year on the status of the funds deposited into the Medical Care Collections Fund, in accordance with [38 U.S.C. 8165\(a\)\(1\)](#), and on all reimbursements pertaining to the EU leasing program by individual project to the Department, in accordance with [38 U.S.C. 8165\(b\)](#). The Administration or staff office responsible for the EU leasing project will ensure that all reportable transactions are appropriately and accurately recorded.

020405 The Office of Asset Enterprise Management (OAEM), within the Office of Management, has oversight responsibility for the EU leasing program as well as management responsibility for those projects identified as Departmental asset initiatives. OAEM is responsible for providing leadership and guidance associated with implementing the EU leasing program; establishing policies, procedures and guidelines for implementing the program within the Department; devising the appropriate business structures; assessing financial and project feasibility; drafting and/or reviewing necessary documents in coordination with the Office of General Counsel; assuring proper documentation; coordinating with appropriate Departmental offices and activities (and other Federal and non-Federal entities); and finalizing the award and securing the execution of non-delegated EU leases. OAEM will also maintain post-execution operational responsibility for non-delegated EU leasing projects.

020406 The Franchise and Trust Fund Oversight Office, within the Office of Finance, is responsible for the financial oversight and managerial reporting of the EU lease funds held in trust. This includes responsibilities for reviewing and overseeing the trust accounts for compliance with generally accepted accounting principles and auditing standards, compliance with VA's financial regulations, monthly and quarterly financial reporting and yearly audited financial statements.

020407 The Designated VA Representative (DVR) is appointed by the CFO and provides the necessary everyday administration, monitoring and management of EU leases (including any service/use agreements) before or after lease execution for all non-delegated EU leases and provides advice and guidance, when requested, on re-delegated EU leases. The DVR has the delegated authority to approve payments, disbursements and reimbursements and to issue written correspondence needed to properly administer an EU lease.

020408 The Delegated Local VA Representative (DLVR) is appointed by the official with the authority to execute a delegated EU lease to provide the everyday administration, monitoring and management of EU leases (including any service/use agreements) for delegated projects. The DLVR's responsibilities include the approval of payments, disbursements and reimbursements and issuance of written correspondence, as needed, to properly administer an EU lease.

020409 The EU project leader is appointed by the DVR and/or DLVR to manage the day-to-day progress of an EU lease from concept paper approval through lease execution up to 3 months after final completion of the EU lease improvements, unless sooner revoked in writing. For OAEM controlled projects, the project leader will be the assigned portfolio manager.

0205 PROCEDURES

020501 EU Project Initiation Procedures. Development of the Secretary's approved priority list⁷ of EU leasing projects starts with the following procedures:

- A. The initiating organization makes a request for placing a specific project on the list.
- B. Each Administration or staff office will develop and conduct an internal prioritization process for identifying projects for inclusion on the list.
- C. The Under Secretary or Assistant Secretary of the requesting organization will submit requests to the CFO on a quarterly basis, beginning with the first week of each fiscal quarter.
- D. Each request will state the name, location and type of project and provide a clear and brief description of the project and a clear and brief statement of anticipated benefits and/or risks.
- E. The CFO or other designated official, will make recommendations to the Secretary based upon the availability of resources to successfully bring the project(s) to closing.
- F. Once approved by the Secretary, the CFO will notify the requesting organization of the project's status and OAEM will maintain a listing of approved projects.

020502 VA must process two kinds of EU lease payments from 3rd party entities: (a) one-time reimbursement payments that come from closings and (b) recurring rental payments, whether monthly, quarterly, annually or other time arrangement.

020503 VA Central Office (VACO) can recoup administrative costs related to EU-initiated projects, either as one-time payments at closing or as deductions from the first several rental payments, as appropriate. VACO, specifically OAEM and the Office of

⁷To review the status of approved projects, refer to the OAEM Web site at <https://vaww.va.gov/oaem/>.

Finance, will always manage the one-time payments. VACO will initially manage recurring rental payments and will transfer responsibility for processing these payments to the local station, when OAEM determines that all administrative costs have been recouped.

020504 Remittance of payment. OAEM will contact each EU lease developer with instructions on remitting payments to VACO. Three methods of remittance are available:

A. Remittance Express (REX⁸) Account⁹ - Remitters will initiate an Automated Clearing House (ACH) transfer using the following information:

1. Originating Federal Reserve Bank (FRB): 051000033
2. ACH ABA Number: 051036706
3. ACH Account Key: 599
4. Originating ALC: 36001200
5. Account Number: 220040

The remitter will notify VACO (OAEM) of payment and OAEM will verify in CA\$HLINK II receipt of funds through REX account 220040 and note the assigned voucher number for use in recording the deposit in VA's FMS. OAEM must monitor CA\$HLINK II, as VA will not receive any type of notification from this system. OAEM will notify the Office of Finance when the funds have been received and the Office of Finance will immediately record the receipt in FMS (see 020507 below).

The Deputy Director of OAEM will inform the Associate Deputy Assistant Secretary (ADAS) for Financial Business Operations (047E) in writing (via memo or email) to move the funds into FMS suspense account 3875E, using a Cash Receipt (CR) transaction with a Transaction Type of 17.

B. Treasury Fedwire Deposit System (FDS) - The remitter will contact the designated individual at VACO (OAEM), who will notify the Cash Management Division (CMD) of the FSC of an expected payment. At that time, the CMD will release the appropriate banking information to OAEM for one-time use by the remitter. CMD will not publish the banking information because of the sensitive nature of the Fedwire account monitoring. After the remitter receives the required banking information, the remitter may initiate the transaction and must include "VA EUL Program" in the Beneficiary Section.

The remitter will notify VACO (OAEM) of payment and OAEM will verify in CA\$HLINK II receipt of funds through Fedwire¹⁰ and note the assigned voucher number for use in recording the deposit in FMS. OAEM must modify CA\$HLINK II as VA will not receive any type of notification from this system. OAEM will notify the Office of Finance when

⁸REX is the preferred method of remittance.

⁹All payments sent through the REX account will be strictly for EU lease reimbursement payments. The REX account eliminates the need to identify EU lease deposits from other types of deposits.

¹⁰Fedwire payments have lower transaction costs to the remitter for one-time or infrequent payments.

the funds have been received and the Office of Finance will immediately record the receipt in FMS (Office of Finance) (see 020507 below).

The Deputy Director of OAEM will inform the ADAS for Financial Business Operations in writing (via memo or email) to move the funds into FMS suspense account 3875E, using a Cash Receipt (CR) transaction with a Transaction Type of 17.

C. Check – The remitter will issue check payments made payable to the “Department of Veterans Affairs” in U.S. dollars drawn on U.S. banks.

The remitter will send the check payments to VACO (OAEM), indicating on the memo section of the check or on the Explanation of Benefits the words “VA EUL Program.” OAEM will deliver the check to the VACO agent cashier and the agent cashier will deposit the payment according to standard agent cashier guidelines. The VACO agent cashier will note the deposit ticket/voucher number and submit the information to the appropriate staff within the Office of Finance for immediate recording of the receipt in FMS (see 020507 below).

The Deputy Director of OAEM will inform the ADAS for Financial Operations in writing (via memo or email) to move the funds into FMS suspense account 3875E, using a Cash Receipt (CR) transaction with a Transaction Type of 17.

020505 Deposits and Fund Transfers. For all amounts deposited above, the Deputy Director of OAEM will identify the amounts due to VA appropriations as reimbursements in writing (via memo or email) to the Office of Budget (041) and the Office of Financial operations (047F). For each appropriation receiving a reimbursement, OAEM will identify the respective amount, station or administrative office and fund.

A. In cases where the total amount remitted will be used to recoup administrative expenses, these funds will be deposited into the General Operating Expenses (GOE) as a reimbursement to OAEM, General Counsel and/or APF as appropriate (as determined by OAEM).

B. In cases where the amount remitted exceeds the amount to be reimbursed for administrative expenses, the appropriate amount of reimbursement funds will be directed into GOE and the balance will be directed into Medical Care for the specific station involved in the transaction.

The Office of Budget will inform appropriate budget staff in the organizations receiving the reimbursements of the availability/credit of funds.

To ensure that sufficient reimbursable authority is available, the ADAS for Financial Business Operations will share this information with the Director of the General Administration and Coordination Service (041C). Financial Business Operations staff will then process the reimbursements to the identified VA appropriation.

020506 Transfer of Responsibility for Processing EUL Payments.¹¹ OAEM and the Office of Finance will initially manage all recurring rental payments and will transfer responsibility for processing these payments to the local station when OAEM determines that all administrative costs have been recouped. The following procedures will be followed to accomplish this transfer of responsibility:

A. When OAEM determines that all administrative costs associated with initiating an EU lease project have been recouped, it will transfer responsibility to the local station by either (1) notifying the appropriate Medical Center Director in writing of the transfer of responsibility or (2) notifying the remitter in writing of their new VA contact person at the station level for future payments.

B. Once a station is informed by OAEM of the transfer of responsibility for processing payments, the station will contact the remitter to make arrangements for the continuance of the remittance via REX, FDS or paper check.

1. The station will adhere to the procedures for EU lease deposits as follows:

a. REX Account

Remitters will initiate an ACH transfer using the following required information:

- | | |
|--|-----------|
| 1. Originating Federal Reserve Bank (FRB): | 051000033 |
| 2. ACH ABA Number: | 051036706 |
| 3. ACH Account Key: | 599 |
| 4. Originating ALC: | 36001200 |
| 5. Account Number: | 220040 |

The remitter will notify the station of payment and a station representative will verify in CA\$HLINK II receipt of funds through REX account 220040 and note the assigned voucher number for use in recording the deposit in VA's FMS. Stations must monitor CA\$HLINK II, as they will not receive any type of notification from this system. The station representative must immediately record the receipt in FMS (see 020507 below).

b. Treasury Fedwire Deposit System (FDS)

The remitter will contact the designated point of contact at the station, who will notify the Cash Management Division (CMD) of the FSC of an expected payment. At that time, the CMD will release the appropriate banking information to OAEM for one-time use by the remitter. CMD will not publish the banking information because of the sensitive nature of the Fedwire account monitoring. After the remitter receives the required banking information, the remitter may initiate the transaction and must include "VA EUL Program" in the Beneficiary Section.

¹¹OAEM and the Office of Finance will always manage the one-time payments and will not transfer responsibility for processing these payments. This section only pertains to the transfer of responsibility for managing recurring rental payments.

The remitter will notify the station of payment and the station representative will verify in CA\$HLINK II receipt of funds through Fedwire¹² and note the assigned voucher number for use in recording the deposit in FMS. Stations must modify CA\$HLINK II as they will not receive any type of notification from this system. The station representative must immediately record the receipt in FMS (see 020507 below).

c. Check Payment

The remitter will send the check payments to the appropriate station and indicate on the memo section of the check or on the Explanation of Benefits the words “VA EUL Program.” The station’s agent cashier will receive the check and deposit the payment according to standard agent cashier guidelines. The agent cashier will note the deposit ticket/voucher number and submit the information to the station’s accounting section for recording the receipt in FMS. The station representative must immediately record the receipt in FMS (see 020507 below).

020507 Recording Receipt in FMS. Regardless of payment method used, instructions for recording in FMS are the same:

A. FMS – One-time Reimbursement

VACO (Office of Finance) will record the receipt using a CR 17 “I” and using the following specific accounting details:

1. Deposit Number: Use the unique voucher number/deposit number assigned
2. Fund: 3875E
3. Revenue Source Code: E900

B. FMS – Recurring Rental Payments

1. VACO-Managed:

(a) When the entire rental payment is needed to reimburse costs:

VACO (Office of Finance) will record the receipt using a CR 17 “I” and using the following specific accounting details:

1. Deposit Number: Use the unique voucher number/deposit number assigned
2. Fund: 3875E
3. Revenue Source Code: E900

(b) When only a portion of the rental payment is needed for reimbursement and the remaining amount is deposited to medical care for use by the station (hybrid situation):

¹²Fedwire payments have lower transaction costs to the remitter for one-time or infrequent payments.

VACO (Office of Finance) will record the receipt using a CR 17 "I" and using the following specific accounting details:

For the amount to be deposited as a reimbursement for costs

1. Deposit Number: Use the unique voucher number/deposit number assigned
2. Fund: 3875E
3. Revenue Source Code: E900

For the amount (remaining balance) to be deposited into Medical Care

1. Deposit Number: Use the unique voucher number/deposit number assigned
2. Fund: 36 5287.10
3. Revenue Source Code: 8034

2. Station-Managed:

1. Deposit Number: Use the unique voucher number/deposit number assigned
2. Fund: 36 5287.10
3. Revenue Source Code: 8034

020508 Internal Control Considerations

A. The REX account and Fedwire payment options both require strict monitoring of receipts on a regular basis through Treasury's CA\$HLINK II system. Failure to monitor these accounts may result in receipts received but not properly recorded in FMS. Receipts not recorded in FMS will cause differences on the FMS-224 Statement of Transactions.

B. Remitters may be reluctant to use the REX account option due to the cost associated with initiating this type of transaction for one-time or infrequent payments.

C. All payments sent through Fedwire will be received alongside all other types of deposits using the Fedwire account of VA, making it difficult to identify EU lease deposits. Remitters must follow the instructions above to more easily identify EU lease deposits using Fedwire.

D. Payments sent via check to VACO or station agent cashiers face two potential problems. First, remitters may be reluctant to issue a check for large dollar amounts. Second, if a remitter fails to indicate the purpose of the check, the payment could be misapplied in FMS.

020509 OAEM shall supply the Financial Services Center's (FSC) annual close team with the amounts and the listing of revenue source codes of the outstanding EU lease

receivables at the end of the fiscal year to enable the FSC to roll over the receivables into the next fiscal year.

0206 DEFINITIONS

020601 Accounting Classification Code (ACC) - ACCs are 9-digit codes used to track costs associated with the implementation of an Agreement. A unique ACC is issued for each agreement.

020602 Agency Location Code (ALC). A unique symbol, assigned by Treasury's FMS for reporting purposes. It can be in the form of 3 digits for Regional Financial Centers, 4 digits for Non-Treasury Disbursing Offices or 8 digits for reporting entities. In most cases, the first two digits of an 8-digit ALC identify the department or agency, the next two digits identify the bureau and the last 4 digits identify the specific agency account section within the bureau.

020603 Automated Clearing House (ACH) System. The primary electronic funds transfer system used by Federal agencies to make payments.

020604 ACH American Bankers Association (ABA) Number. A bank routing number used in conjunction with the ACH electronic funds transfer system.

020605 Capital Asset Inventory (CAI) – CAI is the database of record for all real property space controlled by VA. It enables VA to collect, analyze, monitor and report data about VA's capital asset portfolio using a special coding system.

020606 CA\$HLINK II. This system is used to manage the collection of U.S. Government funds throughout the world and to provide deposit information to Federal agencies, linking Federal agencies, commercial banks, the Federal Reserve Banks and the Treasury Department fund managers together through an electronic network. It provides Federal agencies with daily information (via the Internet) to verify deposits, ACH and Fedwire transfers and voucher adjustments to reconcile their accounts.

020607 Cash Concentration or Disbursement Plus Addendum (CCD+). An ACH corporate payment format with a single 80-character addendum record capability. The addendum record is used by the originator to provide additional information to the payment recipient about the payment. Funds are cleared on an overnight basis through the nationwide ACH.

020608 Corporate Trade Exchange (CTX). An electronic funds transfer payment used by corporations and Government agencies to pay trading partners through the ACH system. The CTX payment format combines payment information and a variable length record (called an addendum record) with related information, such as invoice numbers, allowing multiple payments to trade creditors in a single transfer of funds.

020609 Easement – A recordable land interest from one party (grantor) to a third party (grantee), allowing the grantee to use the grantor's underlying land for a specific

purpose during a stipulated timeframe. Easement revenues (if any) go to the U.S. Treasury.

020610 Enhanced Use Lease (EUL) - Allows VA to out-lease its underutilized and vacant property to a selected developer to finance, develop, operate, and maintain supportive housing as defined in 38 U.S.C. § 8161(3). EUL proceeds go into Medical Care Collection Fund (MCCF). EUL disposal proceeds go into either the Major or Minor Construction Accounts, per SECVA determination.

020611 Fedwire Deposit System (FDS). This system is a link between Treasury and the Federal Reserve Bank of New York (FRBNY), allowing the capability to conduct wire transfers between banks and Federal agencies, with the funds transferred to a Treasury account at FRBNY. As a result, banks that maintain an account at an FRB may send fund transfers to Treasury over Fedwire for credit to the account of VA.

020612 FMS-224. The monthly FMS-224 “Statement of Transactions” report is prepared by VA for submission to Treasury to reflect all transactions affecting Fund Balance with Treasury (FBWT).

020613 Financial Management System. VA’s accounting system, based on certified Commercial-off-the-Shelf (COTS) software, Federal Systems Integration Office (FSIO)-compliant system, with interfaces to all other VA payment and accounting systems.

020614 Land Use Agreement – A written agreement between VA and a non-VA entity. Land-Use Agreements generally encompass Enhanced Use Leases, Sharing Agreements, Out-leases, Revocable Licenses, Permits, and Licenses.

020615 Permit - A grant of right from one FEDERAL agency (e.g., VA) to another, such as DOD, allowing the “grantee” to use real property under the “grantor’s” control for a particular purpose, such as office space, parking, or lab space.. Permit revenues go to the U.S. Treasury.

020616 Out-lease – An out-lease under 38 U.S.C. § 8122 is a recordable land interest granted from VA to a non-VA lessee for a stipulated amount of time (no more than three (3) years if done under 38 U.S.C. § 8122), allowing the lessee to use VA space under agreed terms and conditions. For example, conference rooms, office space, parking, or lab space. Please request an ACC/RSC before giving an out-lease “operational” status in CAI. Outlease revenues under 38 U.S.C. § 8122 go to the U.S. Treasury. VA can also outlease NCA land or buildings under 38 U.S.C. § 2412 for a period of up to 10 years, with revenues being redirected to the National Cemetery Administration Facilities Operation Fund.

020617 Remittance Express (REX) Account. REX is a program that allows Federal agencies to receive Automated Clearing House (ACH) payments directly from the private sector, by receiving ACH credit transactions at a unique routing number at the

Federal Reserve Bank of Richmond. REX accepts the Cash Concentration or Disbursement Plus Addendum (CCD+) and the Corporate Trade Exchange (CTX).

020618 Revenue Source Code (RSC) - RSCs are unique four-digit codes created to systematically track specific types of revenue within VA's Financial Management System (FMS). Users with access to FMS can view RSCs online by accessing the RSRC table. RSCs can also be viewed on the FMS website http://vaww.va.gov/FMSHOME/Monthly_Reports.asp by searching for the RSRC listing with the most current date.

020619 Revocable License - Grants the right for a third party (the licensee) to enter upon the land of another party (licensor) for a specific purpose, without the licensor conveying ownership of that land to the licensee. Licenses should be used with NON-FEDERAL entities, including credit unions, child care centers, chapels etc. License revenues go to the U.S. Treasury.

020620 Sharing Agreement - Allows VA sharing partners to use "healthcare resources" (e.g., VHA space, buildings, and land) for purposes permitted under 38 U.S.C. § 8151-8153. Sharing agreements may last no more than five (5) years with up to five (5) one-year options. Per 38 U.S.C. § 8153(b), sharing agreement revenues should be credited to applicable departmental medical appropriation and to funds that have been allotted to the facility that furnished the resource involved

020621 Suspense Account. An account used temporarily to carry unclassified receipts and disbursements or discrepancies pending their analysis and permanent classification.

0207 RESCISSIONS

This chapter rescinds OF Bulletin 08GA1.06, "Accounting for Proceeds of Enhanced-Use Leasing Activities, including Disposal", December 13, 2007; and OF Bulletin 06GA1.01, "Accounting for Proceeds of Enhanced-Use Leasing Activities, including Disposal," March 23, 2006.

0208 QUESTIONS

Questions concerning these financial policies and procedures should be directed as shown below:

| | |
|------------|---------------------------------|
| VHA | VHA Accounting Policy (Outlook) |
| VBA | VAVBAWAS/CO/FINREP (Outlook) |
| All Others | OFP Accounting Policy (Outlook) |

0209 REVISIONS

| Section | Revision | Office | Reason for Change | Effective Date |
|----------------|---|---------------|--|-----------------------|
| Appendix F | Added Appendix To establish processes for creating, recording, tracking and collecting payments related to Land Use Agreements; as well as establish processes for proper reconciliation of funds | VHA | In response to GAO recommendation (GAO-14-501) | January 2017 |

APPENDIX A

ENHANCED-USE LEASING PROCESS AND PROCEDURES

1. Development. The development of EU lease projects requires compliance with established policies and procedures during each phase of project development, as described in Appendix B of this chapter. Additional information is provided through Web links to the OAEM Web site: <https://vaww.va.gov/oaem/>. A "Quick Reference Guide" to the EU program is located on this Web site.

2. Capital Asset Management. VA utilizes a comprehensive, centralized approach in the management of its capital assets. This approach enables VA to closely align asset decisions with its mission and strategic goals, elevate awareness of its assets and use performance management techniques to monitor asset performance through the entire life cycle of an asset. Accordingly, all EU leasing projects will be developed, managed and tracked throughout their life cycle in the Capital Asset Management System (CAMS) under the Agreements database. CAMS captures the lifecycle of EU leasing projects in four phases:

- A. Formulation
- B. Execution
- C. Steady State
- D. Disposal (if applicable).

3. EU Leasing Phases. To enter the formulation phase, EU projects must be identified as valid Departmental priorities and included on the Secretary's priority list. EU projects are considered to be in the formulation phase until the lease award date; in the execution phase from the time of lease signing until their acceptance, commencement or activation date; in steady state from acceptance and commencement or activation of any development or improvements required by the EU lease until their termination date; and in disposal from the Secretary's initiation of transfer proceedings until VA no longer owns the EU lease property. CAMS can be accessed at the following Web address: <https://vaww.cams-agreements.aac.va>. An overview of the EU leasing process requirements and timetables is located on the OAEM Web site: <https://vaww.va.gov/oaem/>.

4. Delegation of Authority. Notes for Re-delegated Projects: The Secretary has delegated the authority to enter into EU leases to the CFO. The CFO, in turn, may redelegate this authority on a project-by-project basis to the Under Secretary of each Administration. The Under Secretary for Health may further redelegate this authority at his/her discretion to the Capital Asset Management and Planning Service in the Office of the Deputy Under Secretary for Health for Operations and Management (10N) or to the VISN Capital Asset Managers. The Under Secretaries for Benefits and Memorial Affairs may not redelegate this authority without specific approval from the CFO.

Redelegation can only be granted for EU projects that meet the following criteria:

A. Government Liability. The Department assumes no obligation or liability other than the out-lease of land for any aspect of financing, nor guarantees any occupancy or utilization of any facility pursuant to the lease.

B. Value. The project's capital cost, including both the lessee's and VA's contribution other than land, must be below the threshold for major construction (currently \$10 million).

C. Term. The project's lease term cannot exceed 55 years.

D. Significance. The project cannot consist of what are considered "significant asset initiatives," such as campus realignments or of what are not of exceptional visibility as determined by the Secretary.

5. Redelegation may be granted by the Assistant Secretary for Management on a case-by-case basis.

6. Redelegated Projects will not receive disposal authority under 38 U.S.C. 8164 (the Secretary has not delegated such authority). Further discussion of criteria for redelegation is located on the OAEM Web site: <https://vaww.va.gov/oaem/>. Throughout this chapter, discussion of any processes or issues that are specific to redelegated projects will be addressed in "Additional Notes for Redelegated Projects."

APPENDIX B

LIFE CYCLE OF EU LEASING PROJECTS – FORMULATION PHASE

1. **Concept Paper will be entered into the Capital Asset Management System (CAMS) as a “candidate” project.**

2. **Responsible Offices**

A. Veterans Health Administration (VHA) Projects. The VHA point of contact for EU lease projects is the Director, Capital Asset Management and Planning Service (CAMPS). CAMPS will secure all required concurrences from its own organization, including concurrence from the Concept Paper Review Committee (CPRC), as noted below in paragraph 5B. At a minimum, concurrence/approval from the Deputy Under Secretary for Health for Operations and Management (10N) must be included.

Additional Notes for Redelegated Projects. Prior to submitting the concept paper application in CAMS, VHA must determine whether to request project delegation and to whom. If VHA wants to delegate, a written request for delegation, including justification, must be signed by the Under Secretary for Health and submitted as an attachment to the concept paper application in CAMS.

B. Veterans Benefits Administration (VBA) Projects. The VBA point of contact for EU lease projects is the Director, Office of Facilities, Access and Administration (OFAA) (20M3). OFAA will secure all required concurrences within its own organization, including concurrence from the Concept Paper Review Committee (CPRC), as noted below in paragraph 5B. At a minimum, concurrence/approval from the Deputy Under Secretary for Benefits must be included.

C. National Cemetery Administration (NCA) Projects. The NCA point of contact for EU lease projects is the Office of Construction Management (OCM) (41F). OCM will secure all required concurrences needed within its own organization, including concurrence from the Concept Paper Review Committee (CPRC), as noted below in paragraph 5B. At a minimum, concurrence/approval from the Deputy Under Secretary for Memorial Affairs must be included.

D. Joint Administration Projects. EU lease concept papers are submitted to OAEM via CAMS after appropriate concurrences are received from each Administration involved in the project, as outlined above.

E. Staff Office Projects. EU lease concept papers are submitted to OAEM via CAMS after the requesting Assistant Secretary receives appropriate concurrences from the Administration(s) and staff office(s) involved in the project and approval of the Office of

Congressional and Legislative Affairs (009) and Office of Security and Law Enforcement (07).

3. Preparatory Planning

A. **Establishment of Database.** Prior to the decision to develop a concept paper, the responsible office should establish a database of preliminary background information that will be useful in assessing the potential project's viability, impacts, costs and benefits. An appropriate starting point for data collection is the Reuse Data Sheet for the location. A template is located on the OAEM Web site at <https://vaww.va.gov/oaem/>. Additional preparatory steps typically include those listed in the following paragraphs.

B. **Preliminary Inspection.** This inspection usually involves the location and physical description of the unused or under-utilized VA land and facilities, such as acreage, buildings and layout of the site; impacts of the adjacent development(s); observation of the site and facility conditions; and physical limitations, such as local, state or Federal limitations on the site (e.g., zoning, environmental or historical limitations).

C. **Establishment of Property Baseline.** A baseline would include documents pertaining to the site under consideration, such as title files, legal descriptions, site plans, surveys, drawings and aerial photographs, utilities, flood plain maps, local zoning and code requirements and local comprehensive plans (development plans).

D. **Establishment of Environmental and Historical Baseline.** A baseline includes existing environmental documents, such as the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), Resource Conservation and Recovery Act (RCRA) and National Environmental Policy Act (NEPA) surveys; abatements and/or remediation projects to date; environmental and operating permits; endangered species or habitat data (wetlands); historical designation; and any existing agreements between VA and the State Historical Preservation Office(s).

E. **Preliminary Asset Valuation.** Valuation includes recent appraisals (e.g., six months to one year, depending upon market conditions in the vicinity of the designated site of the EU lease), if available and the estimated land and building value (which can be obtained from the local tax assessment office and by looking at "comparable" properties in the adjacent community). A state-certified commercial appraiser can provide a written advisory opinion regarding the valuation of the proposed property, given its proposed use(s) and any other potential "highest and best uses."

F. **Reuse Plans.** Reference and update, as necessary, previously completed reuse plans and information.

G. **Market Analysis.** This includes an analysis of the local market, including other property available, development potential of the market, possible alternatives to the

proposed project and current and anticipated supply and demand conditions affecting the project.

4. Use of OAEM Support Contract

A. Indefinite Delivery Indefinite Quantity. An indefinite delivery indefinite quantity (IDIQ) contract has been awarded to support EU leases. This contract or successor contracts may be used to support the preparatory planning described in paragraph 3 above. Available services include research, analysis, evaluation of VA real estate and outside real estate markets, interpretation, consultation and advice and preparation of necessary documentation. Offices interested in using this IDIQ contract should contact the Cleveland Business Office for guidance.

B. Expert Use. Following submission and approval of an enhanced-use lease concept paper, offices may also elect to utilize expert services, such as asset management, real estate advisory, feasibility, environmental, valuation, legal support and transaction management, to support the continuing formulation effort, described below, from the IDIQ contracts.

C. Services Procedure. All required services will be initiated via task order request encapsulating the objectives outlined in the support contract. No statement of work may be edited or changed in any way without written permission of the project contracting officer or the contracting officer's technical representative.

D. Additional Information. Additional information, including sample Scopes of Work for tasks under the support contract, is included on the OAEM Web site at <https://vaww.va.gov/oaem/>.

E. Use of Legal Support. The Office of General Counsel (OGC) will assist in the preparation of documentation supporting EU projects and will be responsible for drafting of EU leases and exhibits (including facilities use and service agreements), easements and other encumbrances affecting the leasehold, financial closing documents and property disposal documents.

Additional Notes for Redelegated Projects. Regional Counsels, as assigned by OGC, will provide legal support for redelegated projects. Drafting of project documentation, including leases, may be performed by Regional Counsels or contracted attorneys, as determined appropriate and subject to review by OGC.

5. Concept Paper

A. Application. When the preparatory steps have been completed, the responsible office will develop a concept paper application in CAMS. For a sample concept paper and a comprehensive list of the roles and responsibilities required for a concept paper application, see the OAEM Web site at <https://vaww.va.gov/oaem/>.

1. Web-Based Applications. Web-based concept paper application forms are located on the CAMS Web site https://vaww.va.gov/oaem/CAMS_Page/CAMS.htm. A unique password and security permission must be obtained in order to access and use the database. The CAMS access request form is also available through the same Web site. If the server is not available after hours, contact the Corporate Data Center Operations (CDOC) help desk at 512-326-6780.

2. Business Process. After access to CAMS is obtained, refer to the Business Process Procedures (BPPs) which are instructions to carry out specific tasks within CAMS. These instructions include the steps needed to create, modify and save concept papers, as well as how to access concept paper guidance documentation and help procedures in CAMS. Refer to the OAEM Web site at <https://vaww.va.gov/oaem/> for access to a comprehensive list of all BPPs.

3. Concept Paper Completion. Upon completion of the concept paper in CAMS with the necessary approvals, the Capital Asset Management and Planning Service will notify the Director, Investment and Enterprise Development Service (004B2) by email, that the concept paper, concurrences and all applicable attachments have been placed in CAMS.

B. Concept Paper Review Committee. In order to recognize differing requirements within each administration and ensure prioritization of limited resources available for the development and execution of EU projects, all projects entered into CAMS will be reviewed by the Concept Paper Review Committee (CPRC) prior to any further expenditure of effort. The CPRC will review and recommend concept papers to the CFO for final approval. The CPRC membership will include: OAEM, Veterans Canteen Service, Office of Security and Law Enforcement, Office of Congressional and Legislative Affairs and Office of General Counsel. Additional members from individual Administrations will include VHA projects (CAMPS and VHA CFO), VBA projects (OFAA and VBA CFO), NCA projects (OCM and NCA CFO), Historic Preservation Representatives and any other program officials, as needed. At a minimum, the CPRC shall review the concept paper CAMS application including, but not limited to, the following:

1. Existing environmental survey
2. Other current VAMC data validation survey
3. Real property baseline
4. Available market data
5. Estimated consideration and type
6. Estimated appropriate lease term
7. Commitment potential
8. Need for capital contributions
9. Composition of project team
10. Justification for direct source award (as applicable)

11. Significant legal hurdles (e.g., statutory limitations)
12. Assessment of site vulnerabilities (security and emergency services response).

Additional Notes for Re-Delegated Projects. The CPRC will also be responsible for reviewing all requests for delegation of authority.

C. Approval and Notification. Based on the written recommendations of the CPRC, the CFO will reject or approve the concept paper via formal memo or may direct further investigation or analysis of the project in order to support reconsideration. A sample Concept Paper Approval Memo is shown on the OAEM Web site at <https://vaww.va.gov/oaem/>.

Additional Notes for Redelegated Projects. If approved, the Assistant Secretary for Management will state in the approval memo if the project is redelegated and will specify the official who shall be delegated authority to execute the lease.

6. Officials with Project Execution Responsibilities

A. The CFO will appoint a Designated VA Representative (DVR). The DVR works within OAEM and provides the necessary everyday administration, monitoring and management of EU leases (including any service/use agreements) before or after lease execution by the CFO for all non-delegated EU leases. In addition, the DVR will be delegated authority to approve payments, disbursements and reimbursements and to issue written correspondence needed to properly administer an EU lease.

Additional Notes for Re-Delegated Projects. Each official having redelegated authority to execute a lease is also designated as the Delegated Local VA Representative (DLVR), with authority to perform the same functions regarding such lease as the DVR is authorized to perform for non-delegated EU leases. Any disputes regarding the lease shall be forwarded to the DVR for resolution.

B. Project Leader. The DVR or DLVR, as applicable, shall assign to an EU project leader (PL) the responsibility for managing the day-to-day progress of an EU lease from concept paper approval through 3 months after final completion of the EU lease improvements, unless sooner revoked in writing. For OAEM controlled projects, the PL will be the assigned portfolio manager. The PL will provide support to the DVR/DLVR as needed and must notify the DVR or DLVR immediately of any problem areas noted in the performance of the EU lease. The PL shall not have any authority to change, modify, amend or terminate any terms or conditions of the lease or other contractual document, nor may the PL reassign any responsibility granted herein.

C. Project Leader Authority. The authority granted to the DVR, DLVR and PL is to be exercised only by the named official. A summary of the responsibilities of the DVR, DLVR and project leader is provided on the OAEM Web site at <https://vaww.va.gov/oaem/>.

7. Reporting Requirements

A. Code Assignment. Once the project has been added to the Secretary's priority list, accounting classification codes and revenue source codes must be assigned for each project. These codes allow costs and revenue to be tracked in CAMS and in the Financial Management System (FMS). The PL must request assignment of these codes from OAEM's Capital Asset Management Service (004B3). This request may be made by email.

B. Document Reporting. The PL is required to ensure that the concept paper approval dates and all supporting documentation are reported in CAMS within 10 business days of approval.

8. Public Hearing

A. Hearing Notice. After receiving formal approval of the concept paper from OAEM, the PL must submit a draft public hearing notice to the Director, Investment and Enterprise Development Services (IEDS). This draft must provide the proposed date, time, place and purpose of the hearing and identify both the property and use(s) proposed under the lease. It should describe how the proposed use(s) would contribute cost effectively to VA's mission and not adversely affect or be inconsistent with it. In addition, the notice should describe how the proposed use(s) would affect Veteran services or would result in a demonstrable improvement of services to eligible Veterans in the geographic area of the property's locale. IEDS will coordinate a legal sufficiency review and clearance of the draft notice from Office of General Counsel (02). In concert with the Office of Congressional and Legislative Affairs (009), the Deputy Director of OAEM will provide a notification via e-mail of the proposed hearing to VA's Congressional Oversight Committees. This notice should be sent two to four weeks prior to the public hearing.

B. Approved Notice. Following this informal notification, IEDS will advise the PL to issue the approved notice of the hearing to the public via publication in the local media (e.g., two local newspapers) at least 14 days prior to the public hearing.

C. Guidance. Guidance on conducting public hearings and samples of the Congressional notification letters are contained on the OAEM Web site at <https://vaww.va.gov/oaem/>.

D. Date. The PL will ensure that the public hearing date is reported in CAMS within 10 days of completing the hearing. Following the public hearing, the administration or staff office responsible for the project will determine whether VA should proceed with the project. If the public hearing is controversial and results in changes to the proposed project, the PL will be required to identify and address the concerns and submit written documentation of project changes to the initiating Administration in VA's Central Office as well as OAEM for further action. This documentation will also be placed into CAMS.

E. **Support.** At OAEM's discretion, it may have one or more of its staff members attend and provide support at public hearings.

9. Direct Source Leasing

A. Competition. As a general rule, the PL shall promote competition for all EU leases by issuing a "Request for Proposals" (RFP). The RFP documents are intended to generate offers from potential developers seeking to finance, develop and operate the target property for an identified purpose under an EU lease. Ideally, any such purpose will be for the "highest and best use" for that particular site, so as to generate the maximum amount of consideration and benefit to VA in exchange for entering into the EU lease.

B. Direct Source Criteria. Under limited circumstances, the DVR/DLVR may directly select an EU lessee without first issuing an RFP and conducting a competitive evaluation. These circumstances have been divided into three "tiers" or sets of requirements that must be met before pursuing a direct-source lease. EU lease projects must meet the following criteria of any one tier to be eligible for a direct-source award:

1. **1st Tier:** VA can direct-source a lease to a developer/lessee that will provide homeless services to Veterans.

2. **2nd Tier:**

(a) The targeted developer/lessee must be a VA affiliate or a State/local Government entity;

(b) The property proposed use(s) would represent the highest and best use consistent with VA's mission and operations; and

(c) Only one developer/lessee is capable of developing and operating the property as it was intended; or

(d) The intended property use is one that both VA and the targeted developer/lessee presently need to support their mission activities; and

(e) A "Request for Expressions of Interest" (REI) is issued (i.e., issued or approved by OAEM) and no interested offerors other than the targeted developer/lessee timely respond to the REI. (Note: The REI scope shall be the same scope as proposed by the targeted developer/lessee to ascertain if there are other parties interested in developing the property into the same highest and best use consistent with VA's mission and operations).

3. 3rd Tier:

- (a) A national security event or circumstance necessitates VA proceeding with direct source leasing of an underlying EU project to one identified developer/lessee; or
- (b) An international agreement between the U.S. and another Governmental entity exists pursuant to which only one responsible developer/lessee exists for the proposed EU project; or
- (c) A direct source lease to one specific developer/lessee is explicitly required or authorized by Federal statute.

C. Direct Source Leasing Memorandum. For all instances in which a non-competitive selection is being considered, a written “Direct Source Leasing Memorandum” must be prepared that addresses the requirements of subparagraphs 9.B.2.(a) and (b) in this Appendix, as applicable and submitted for concurrence by Office of General Counsel (02) and approval by the CFO prior to the public hearing. A sample memorandum can be found on the OAEM Web site at <https://vaww.va.gov/oaem/>.

D. Commitment of Funds. VA funds should not be committed to projects proposed for direct-source awards beyond the preparation of the concept paper until eligibility for such an award under the above-noted criteria has been confirmed. Also, for all direct source leases that are proposed pursuant to the “2nd Tier” criteria discussed in 9.B.2 above, an REI will be required to determine the existence of other potentially suitable candidates for the lease. Should the known sole party be the only respondent to the REI, appropriate due diligence will be deemed to have been performed and the DVR/DLVR may proceed. However, if the REI results in the identification of additional potential lessees, a full and open competition will be required.

E. Use of FAR and VAAR. It is important to note that neither VA’s EU lease authority nor solicitations issued are bound by the FAR or VAAR. These regulations, however, are normally used as guidelines for the content, format and evaluation of EU lease solicitations. For purposes of evaluating a direct-source leasing request, the above guidance will be used for initial review and determination.

10. Solicitation Procedures, Forms, Agreements and Reporting Requirements

A. Sample documents, including a Request for Proposals (RFP), public advertisement, source selection plan and lease, are available on the OAEM Web site at <https://vaww.va.gov/oaem/>.

B. Reporting Requirements. The PL is required to report the solicitation and supporting documentation in CAMS within 10 business days of the selection of the preferred developer/lessee. If VA anticipates receiving in-kind consideration, a requirement should be added to the solicitation requiring the developer to set up a

reporting system to document its provision/performance of the in-kind consideration to VA. The developer will provide these reports to VA and VA will validate the information.

11. Bid Terms Agreement

Upon the selection of the preferred developer/lessee, VA may enter into a “Bid Term Agreement” (BTA) with the developer/lessee. The BTA is a binding agreement that outlines the obligations of the developer/lessee and VA from the developer/lessee selection date until the execution of the lease and the closing date of the transaction. A BTA is provided on the OAEM Web site at <https://vaww.va.gov/oaem/>.

12. Developer Selection and Notification

The DVR/DLVR is responsible for selecting a preferred developer/lessee in accordance with the policies and mandates of the EU leasing authority. The PL, with guidance from the DVR/DLVR, will be the point of contact for negotiations and finalization of all business terms. With support from the Office of General Counsel, assigned regional counsels and contracted legal support as needed, the PL will finalize all legal terms of the proposed lease and associated commercial and applicable financial documents. After completing all environmental, historical and/or other requirements, the selected developer will be notified by the DVR/DLVR of the course of action both parties will undertake to enter into an EU lease.

13. Protests

VA may receive a complaint or protest from a third party challenging VA’s selection of a preferred developer/enhanced-use lessee. In all instances where the DVR/DLVR responsible for the project becomes aware of a protest or the reasonable likelihood of a protest or claim, the DVR/DLVR should promptly contact the Director, Investment Enterprise Development Service, so OAEM can assess the situation.

14. Ongoing Environmental and Historical Preservation Planning, Compliance and Reporting Requirements

A. Parallel Actions. The PL is responsible for ensuring that three basic actions are accomplished in parallel to comply with most Federal environmental and historical laws before VA can execute an EU lease. The PL is required to report on these environmental and historical preservation actions with documentation in CAMS within 10 business days of completion.

B. Hazardous Substances. The first action is to investigate the property (buildings and/or land) being proposed for EU leasing to identify the presence or likely presence of any hazardous substances and/or contaminants, including those as defined by the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) (42 U.S.C. 9601-9675) and/or asbestos-containing materials, lead-containing materials,

radioactive substances or petroleum products contained in below or aboveground storage tanks.

1. Phase I Environmental Site Assessment. The investigation and documentation process should be conducted in accordance with the American Society for Testing and Materials (ASTM) E 1527 (latest edition) “Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process.”

2. Phase II Environmental Site Assessment. If contamination is discovered, the originating organization may be required to perform additional investigations to better define and quantify contamination using the ASTM E 1903 (latest edition) “Standard Guide for Environmental Site Assessments: Phase II Environmental Site Assessment Process.” The information gathered will be useful in project planning and feasibility, lease negotiation and drafting and complying with Federal real property laws and regulations regarding disclosure to a lessee of environmental contamination and hazardous substances on the leased property.

3. Phase III Environmental Remediation. If the Phase I or II results demonstrate a need for any environmental remediation or abatement, VA or the developer (on behalf of VA) will need to conduct an appropriate Phase III environmental remediation.

C. National Environmental Policy Act. The second action is to analyze and determine, pursuant to the National Environmental Policy Act (NEPA) (42 U.S.C. 4321-4370d), whether the proposed EU lease is a Federal action that would significantly affect the quality of the human environment. Procedural requirements for NEPA and documentation standards for an Environmental Assessment (EA), Environmental Impact Statement (EIS) or Finding of No Significant Impact (FONSI) are defined in NEPA and Federal implementing regulations, including VA’s implementing regulations located at 38 C.F.R. 26. NEPA requires VA to examine and analyze a broad range of environmental impacts (both positive and negative, as well as short- and long-term) potentially associated with the lease, including aesthetics, air quality, cultural or historic resources, floodplains and wetlands, economic activity, geology and soils, hydrology and water quality, land use and zoning, impacts on roads and traffic, noise, real property, surrounding populations, solid and hazardous waste, public utilities and vegetation and wildlife. NEPA also requires VA to identify and assess the environmental impact of VA taking “no action” or taking other reasonable alternative actions other than carrying out the proposed EU lease. For further information, refer to the Office of Construction and Facility Management’s technical information library at: https://vaww.va.gov/facmgt/standard/env_idx.asp.

D. National Historic Preservation Act. The third action is compliance with the National Historic Preservation Act (NHPA) of 1966, as amended (16 U.S.C. 470, et seq.). Through NHPA, Congress has mandated that Federal agencies integrate historic preservation planning and stewardship of their historic properties into their mission activities, including full consideration of potential adverse effects on VA properties listed or determined to be eligible for listing on the National Register of Historic Places

maintained by the Department of the Interior. Therefore, caution must be used to avoid the transfer, sale, demolition, alteration or deterioration of historic properties in violation of Federal law (e.g., NHPA) and any existing or future agreements between VA and the State's Historical Preservation Office. If certain structures on the proposed site are listed or eligible for being listed as historic, then all applicable Federal preservation regulations and reviews must comply with sections 106 and 110 of the NHPA. Evidence showing compliance and proposed compliance with these sections of the NHPA will be required before the lease can be executed.

E. VA's Web site. For additional guidance on VA policy and regulations pertaining to historic preservation, refer to VA's Web site at <https://vaww.va.gov/facmgt/historic/>. This includes VA's policies and procedures for historic preservation: VA Directive 7545, "Cultural Resource Management Policy," and VA Handbook 7545, "Cultural Resource Management Procedures."

15. Appraisal and Reporting Requirements

A. Property Appraisal. A real estate appraisal is a professional written estimate of the target property's current fair market value as determined by an impartial party with knowledge of the local real estate markets. A primary purpose of the appraisal is to establish the "highest and best use" for the property, if out-leased to a preferred developer/lessee. The "highest and best use" should identify a reasonable, probable and legal use for the vacant, unimproved or improved land, appropriately supported through market demand, financially feasible and results in the highest level of monetary and/or in-kind consideration to VA. In doing so, VA may use the appraisal to establish a value of the leasehold property interest that it will be conveying to the preferred developer/lessee and determine the appropriate level of consideration that VA should receive in exchange for the EU lease. Thus, the appraisal serves as an invaluable negotiation tool for VA when negotiating the terms and conditions of the lease with the preferred developer/lessee. A sample appraisal Scope of Work can be found on the OAEM Web site at <https://vaww.va.gov/oaem/>.

B. Project Financing. Regardless of the business, legal or financing structures or capital market techniques to be used, the financial feasibility of the proposed EU lease project lies partly in the location and value of the VA real estate and improvements involved. Although different financing structures can be explored, depending on VA's particular development objectives, they typically do not add intrinsic economic value to the project. The value of the VA real property interest to be conveyed to the developer, which it will use to secure project financing, is determined first by the nature of the real estate itself, including its improved state. The economic value of the VA real property and the project itself are typically based upon the concepts that: Federal land is unique in its location and composition; is physically immobile; is durable; is a finite commodity; and is useful and beneficial to people.

C. Real Estate Advisory Services. Property valuations needed to support an EU lease project development and the applicable VA justifications must be performed by

certified real estate professionals. As a result, all professional services (e.g., market, financial and real estate services) in support of EU leasing initiatives may be obtained via an approved EU Real Estate Advisory Services IDIQ task order request, as described above, in paragraph 4A.

D. Market Value. It is important to keep in mind that VA's EU leasing statute (38 U.S.C. 8161-8169) requires that each EU lease shall be for fair consideration, as determined by the Secretary. This is a key point since commercial appraisals primarily focus on analyzing "market value," which is the most probable price in cash, terms equivalent to cash or in other revealed terms, for which the appraised property will sell in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, for their self-interests and without undue duress. Given these considerations, it is possible that "fair consideration" to VA may or may not equal an appraiser's opinion of the real property's "market value." The appraisal process is not a scientific process but is rather an educated guess of market value, at a particular time. VA must ensure each appraisal takes into account all pertinent criteria (i.e., the proposed land use on the target EU lease property) when assessing the value differential between the "market value" and "fair consideration."

E. Reporting. The PL is required to report the appraisal and attach supporting documentation in CAMS within 10 business days of completion.

16. Business Case Application (OMB Exhibit 300)

A. Significance Determination. Pursuant to guidance from the Office of Management and Budget (OMB), OAEM will, as described more fully in the "Significant Projects" section below (upon conclusion of the public hearing), provide a determination of the "significance" of each EU lease project and the PL will proceed accordingly. A Business Case Application template is shown on the OAEM Web site at <https://vaww.va.gov/oaem/>.

Additional Notes for Redelegated Projects. For redelegated projects, a business case application (OMB 300) must be submitted as well as a draft lease, appraisal, environmental documents and any financial and legal term sheets into CAMS.

B. Significant Projects. The PL will ensure submission of a business case application (OMB Exhibit 300) in CAMS. This application builds upon the information provided in the concept paper but requires greater detail and analysis. The forms for business case applications are located in the CAMS Agreements database at <https://www.camsagreements.aac.va/ProSight/>. As mentioned in section 5A1 above, a unique password and security permission must be obtained in order to access and use the Agreements database. The CAMS access request form is available at <https://vaww.va.gov/oaem/>. If the server is not available after hours, contact the CDOC) help desk at 512-326-6780. For assistance in completing the applications, "business process procedures" (BPPs) have been developed for various specific projects. To obtain access to all BPPs, refer to the OAEM Web site at <https://vaww.va.gov/oaem/>.

C. Strategic Management Council. OAEM will forward the application for approval by the Strategic Management Council (SMC) for initiatives that meet established thresholds (combined contributions from VA and developers that exceed \$10 million present value). This application will include a Notice of Intent to Enter (NOIE) into an enhanced use lease containing the information required by 38 U.S.C. 8163(c)(4) (see section 17) as an attachment to the VA Exhibit 300. EU leases approved by the SMC may be forwarded by OAEM to OMB for clearance prior to submission to the Secretary for signature and dispatch to the House and Senate Committees on Veterans' Affairs, as mandated by law.

D. Non-Significant Projects. For initiatives that fall below the minor construction threshold (currently not to exceed \$10 million), each PL will prepare and submit to the Secretary, through OAEM, an NOIE containing the information required by 38 U.S.C. 8163(c)(4) (see paragraph 17.a. of this section) along with appropriate documentation containing concurrences from the Offices of General Counsel, Congressional and Legislative Affairs, Security and Law Enforcement and the Veterans Canteen Service (if canteen activities are impacted).

17. Congressional Notice of Intent to Enter (NOIE) into an Enhanced-Use Lease

A. NOIE. This action is a formal notice to VA's Congressional oversight committees, is mandated by the EU leasing statute and must be submitted at least 45 days prior to entering into an EU lease. Concurrent with issuing the NOIE, VA must also inform the public of the Secretary's intent by publishing a notice in the Federal Register.

B. NOIE Requirements. The NOIE must contain the following:

1. Identification of the EU lease property
2. Background, rationale and economics supporting the project
3. Appraisal
4. Draft lease
5. Financial analysis
6. Environmental site condition (EIS or FOSI, NEPA, CERCLA, NHPA and NHPA)
7. Summary or the views received at the public hearing and the Secretary's evaluation of them
8. Description of the significant lease provisions and a cost-benefit analysis
9. Description of how the lease would:
 - a. Contribute in a cost-effective manner to, not be inconsistent with, nor adversely affect VA's mission;
 - b. Improve Veterans' services in the lease's geographic service delivery area; and,
 - c. Affect Veterans' services.

A sample NOIE package can be found on the OAEM Web site at <https://vaww.va.gov/oaem/>.

18. Lease Development, Finalization and Reporting Requirements

The lease can be finalized and executed 45 calendar days after the NOIE is signed by the Secretary, sent to Congress and published in the Federal Register. During the lease development and finalization stage, OGC and the Regional Counsels assigned to redelegated projects will have responsibility for all legal matters involved in lease development and finalization. OGC, assigned Regional Counsels and contract attorneys (as needed) will assist in the development of and be responsible for drafting the enhanced-use lease, ensuring that the document is complete and ensuring that the lease contains all necessary exhibits/attachments. A sample lease is available on the OAEM Web site at <https://vaww.va.gov/oaem/>. This sample is provided for information general purposes only, may not be appropriate for the specific project being considered and may not be representative of current terms and legal requirements. Accordingly, such documents must not be released outside of the agency.

APPENDIX C

LIFE CYCLE OF EU LEASING PROJECTS – EXECUTION PHASE

1. The signing of the enhanced-use lease is the benchmark for the project's transition from the formulation phase to the execution phase.

A. The PL assigned to the EU lease project is required to attach the signed lease and associated agreements in CAMS within 10 business days of execution.

B. The PL is also responsible for the ongoing CAMS reporting requirements and updates throughout the course of project execution.

C. During any construction associated with the lease, the PL may, at the determination of the DVR/DLVR, be assisted by a VA Resident Engineer to assure that such construction is conducted and completed in compliance with the requirements of the lease.

2. Administration Responsibilities

A. Project Leader Responsibilities. The PL will serve as VA's representative during the construction/renovation period and is responsible for overseeing post-execution lease administration. If the project is subject to any limitations stated elsewhere, the DVR is authorized as the Secretary's designated official to administer the EU lease and to undertake the necessary action measures to ensure prompt performance of all necessary actions and compliance with the terms and conditions of the lease.

B. Project leader Duties

1. Monitoring. Monitor developer's performance of its respective responsibilities (including but not limited to: physical inspections, design and construction document review, site visits and inspections, making inquiries and other actions) per the terms and conditions of the EU lease. Such monitoring includes the performance of those entities acting for, on behalf of or pursuant to the developer's rights under the lease.

(Note: The appropriate level and scope of VA's review of the EU lessee's and its representatives' activities will vary, depending on the particular type of EU lease project involved. For example, VA may have a greater interest in reviewing other parties' activities and obligations if VA plans to occupy space in the EU lease facility or if the contemplated service will have a direct impact on VA's missions or operations.)

2. Lease Enforcement. Enforce the lease and advise the DVR/DLVR of the need for VA to send correspondence to the developer or his/her designated representative of any instance of failure to perform under the terms and conditions of the lease.

3. Recommendations. Recommend to the DVR/DLVR actions needed by VA to address the developer's failure to perform under the terms and conditions of the lease.

4. Developer Changes. Review, coordinate and recommend to the DVR/DLVR any developer-requested changes to its design plan, development plan and/or operations and maintenance plan or to its performance/provision of agreed in-kind consideration to VA.

5. VA-Requested Changes. Coordinate, negotiate and with assistance from the OGC and assigned Regional Counsels, prepare requested changes to service agreements with the EU lessee. Please note that all such changes initiated by the designated official on a redelegated project shall have a net result impact of zero (0) dollars.

6. Disputes. Prepare all necessary documentation, findings and determinations regarding any disputes arising between VA and the developer.

(Note: During the EU lease term, an EU lessee may seek to and/or file an EU lease-related complaint, claim or dispute with VA or an adjudicative entity as having legal jurisdiction over the matter. The PL should promptly contact the DVR upon learning that a complaint, claim or dispute has been or soon will be filed. Depending upon the circumstances, the DVR may require the PL to prepare and submit all relevant materials concerning the matter to the DVR, so such items can be reviewed and assessed (with General Counsel, if necessary), in part on whether a written "final decision" or settlement offer should be issued to the Complainant.

7. Amendments. If an amendment is sought, it must be submitted through OAEM to the CFO. The PL should prepare all necessary documentation, justification and approval prior to submitting to the CFO through DVR.

8. VA Compliance. Assure that VA complies with the EU lease terms and conditions, including meeting its obligations for timely reviews, notices and consents (or rejections).

APPENDIX D

LIFE CYCLE OF EU LEASING PROJECTS – STEADY STATE PHASE

Lease Administration. The completion, acceptance and commencement or activation date of any development or improvements required by the EU lease trigger the transition of the project from execution phase to the steady state phase. The DVR/DLVR will assign the responsibility of monitoring and overseeing the project to the PL. The PL's responsibilities consist of the overall monitoring and management of the EU lease to include its performance and provision of agreed-upon in-kind consideration to VA and compliance with lease requirements. Such responsibility will not include the authority to execute any amendments/modifications to terminate the EU lease and/or its exhibits, as this responsibility resides with the CFO. The PL should promptly contact the DVR/DLVR upon learning of any likely amendments/modifications to or terminations of the lease, as proposed by the developer/lessee.

APPENDIX E

LIFE CYCLE OF EU LEASING PROJECTS – DISPOSAL PHASE

Under 38 U.S.C. 8164, if it is determined during the term of an EU lease or within 30 days of its expiration that the leased property is no longer needed by the Department, the Secretary may initiate action to transfer to the lessee all rights, title and interest of the United States in the property. Before doing so, however, the Secretary must also determine that a disposal under this section, rather than under 38 U.S.C. 8118 or 8122, is in the Department's best interest. Furthermore, the Secretary must provide notice (a "Notice of Intent to Dispose") to the House and Senate Committees on Veterans' Affairs not less than 45 days before a disposition is made and publish the notice in the Federal Register. Disposal authority may not be delegated. In addition, funds received by the Department from a disposal of leased property under 38 U.S.C. 8164 will be deposited, as determined by the Secretary, in either designated major or minor construction accounts or the VA Capital Asset Fund established under 38 U.S.C. 8118. Refer to the OAEM Web site at <https://vaww.va.gov/oaem/> for further information

APPENDIX F

VHA LAND USE AGREEMENT STANDARD PROCESSES and PROCEDURES

PURPOSE

To establish standard processes and procedures for creating, recording, tracking and collecting payments related to Land Use Agreements; as well as establish processes for proper reconciliation of funds received at the Medical Center and deposited via the Agent Cashier to the Accounts Receivables processed in FMS.

ROLES AND RESPONSIBILITIES

1. Office of Asset Enterprise Management (OAEM)

- A. Managing the CAI, including land use agreements using ACCs and RSCs.
- B. Issue ACCs and RSCs upon request from facilities. Any questions on ACC's or RSC's should be addressed to the designated official OAEM. Send all requests via e-mail to **leaseac.codes@mail.va.gov**. A response will be provided within one to two business days.
- C. Provide adequate CAI training opportunities.
- D. Federal agencies are required to manage their capital asset portfolios effectively and efficiently. For example, the Federal Financial Management Improvement Act of 1996 requires accountability of financial and program managers for financial results of actions taken and control over the Federal government's financial resources. The President's Office of Management and Budget requires agencies to track the cost, schedule, and performance of projects using earned value management. Thus, it is necessary to have a systematic way to properly account for and track costs associated with VA's assets.

2. Office of Capital Asset Management Engineering and Support (OCAMES)

- A. Provide adequate CAI training, including agreement types.
- B. Review CAI data during capital site visits to confirm with medical center engineering staff that data appears accurate.
- C. Provide training on land use agreements.
- D. Approves Enhanced Sharing Use of Space concept papers and maintains electronic copies of final, signed agreements.

- E. Serves as the liaison between VISN Capital Asset Managers (CAMs) and OAEM on new EUL initiatives.
- F. Reviews all agreements of non-VA sharing partners during capital site visits to ensure appropriate agreements have been signed and executed and are collecting appropriate revenue as documented in the agreement.

3. Contracting Officer

- A. Obtaining approval for an Enhanced Sharing Use of Space concept paper, this is completed by the appropriate Medical Center staff that has the space to lease.
- B. Creating the Enhanced Sharing Use of Space agreement.
- C. Maintaining a final copy of all Enhanced Sharing Use of Space agreements with signatures from both VA and the non-VA sharing partner.
- D. Ensuring Enhanced Sharing Use of Space agreements are renewed, if renewal is appropriate, prior to expiration.

4. Medical Center Director

- A. Implement established procedures.
- B. Ensuring land use agreements use the Enhanced Sharing Use of Space program, except for Federal entities, local municipalities, child care centers, credit unions, etc.
- C. Signing outleases for up to 3 years and signing permits and revocable licenses for up to 5 years. Ensuring any required need greater than these timeframes is sent to OCFM's RPS for execution.
- D. Ensuring all agreements are renewed prior to expiring, if renewal is appropriate.
- E. Establish a central depository for all land use agreements. Provide a copy of the completed document to the responsible service for monitoring compliance and to the Finance Department to ensure that the accounts receivable reflect correct accounting information and billing is performed per the terms of the agreement.
- F. Billing procedures related to land use agreements is described the below. Medical Center Directors must designate the service responsible for creating and monitoring the bill of collection.

5. Facilities Management/Engineering

- A. Enter and maintain Agreement data into the CAI database or designate someone to do so.
- B. Complete the Accounting Classification Code (ACC) and Revenue Source Code (RSC) request form for each new or existing land use agreement entered into with any non-VA entity, or designate someone to do so. Requests should be sent to **leaseac.codes@mail.va.gov**.
- C. Monitor sharing partner usage location.
- D. Update the CAI database as the agreement information changes to ensure the agreement reflects the latest agreement and revenue.
- E. Ensure that staff has adequate training concerning the CAI.

6. Chief Financial Officer (CFO)

- A. Manage the agreement for any billing requirements.
- B. Define the type of bill of collection as either 'revenue' or 'reimbursable'.
- C. Ensure Staff has adequate training to perform the billing function and the accounts receivable function, using only the assigned ACC/RSC issued by the OAEM office when posting revenue from the agreement in FMS.
- D. Designate the individual responsible for the accounts receivable function.

7. Finance/Billing

- A. Understands the entire billing process and is the point of contact for training and questions.
- B. Ensures proper costing and accurate appropriation.
- C. Maintains complete documentation to support activities.
- D. Establish a depository for agreements where their service has been designated as the responsible service to perform the billing.
- E. Set up a reminder to ensure that bills are established timely. A suggestion is to establish a "Calendar Reminder" in Microsoft Outlook, or equivalent calendar software. Also responsible for requesting the "Billing Menu" in IFCAP.

- F. Ensure all ACC/RSC assigned by OAEM are set up in the IFCAP billing listing to select the appropriate code for the agreement type. In the IB revenue listing where no RSC code was assigned by OAEM, communicate with internal IT to have this available in the listing.
- G. Notify the responsible service prior to the agreement expiration date.
- H. Maintains complete documentation to support activities.

PROCEDURES

1. ACC and RSC Request

- A. Prior to entering into a new Land Use Agreement, the Chief Engineer (or his or her designee), must enter the agreement information into the CAI database under the Agreements tab for the relevant station, setting the Status of the Agreement to “Proposed-New” or “Proposed-Renew.” Only fields highlighted in red are required, but all fields should be filled if information is obtainable.
- B. Once the Agreement has been saved, the Chief Engineer (or designee), must complete the ACC_RSC_Agreement_Request_Form located at the top left corner of the screen, and email the fully completed form to valease.codes@mail.va.gov.
- C. Upon receipt of a fully completed code request form, OAEM will assign a unique ACC and RSC to the Agreement record in CAI and notify FMS (via the ACC/FCP email box), who will enter the necessary codes into the PGMT and RSRC tables. Stations will be concurrently notified via email that the codes have been assigned. FMS will then notify all relevant parties when the codes have been tabled.

2. Directors Service

- A. The Director’s Service will determine the service responsible for the billing activities for each agreement.
- B. They will send a copy of the agreement to the Service Chief.
- C. Copies of all agreements will be sent to Finance for their information.

3. Finance, Billing, and Revenue Collections

- A. Review the agreement and assign the billing activities.
 - a. Make a determination concerning the correct fund of deposit. The type of agreement dictates the proper fund into which revenue will be deposited. It is imperative that the correct appropriation be entered. Use the “Quick Reference Guide” to determine the correct appropriation. Consult Finance if there are questions.

- B. The individual responsible for billing activities will create a “New Bill” in VISTA AR.
- C. The Service Chief (or designee) will review and “Approve” the “Pending Bill” in VISTA AR, releasing the approved bill to Finance.
- D. Approve/Print Pending Bill.
 - a. This option allows an authorized individual to approve and print all new bills within their service and release them to the Accounts Receivable section; you will not be able to print 1114 bills. Once a new bill has been created using the New Bill (Enter) option, the bill will automatically be passed to the person within the service/section who is authorized to approve it and release it to Fiscal Service. This approving official will be reminded by the system when they logon to review the bill; if necessary, they may send the bill back to the billing clerk for further editing.
 - b. This option requires an Electronic Signature Code, which means only the holders of the PRCASVC security key will have access to this option. The computer uses the signature code to verify that you are authorized to approve bills and will show you only those bills that you are authorized to see. You will not be able to take action on any bill from any other service/section.

NOTE: Once a bill has been released to the AR Section, you will no longer have any access to it. If you discover that further corrections are required, the Accounts Receivable Section must return the bill to you. This action removes your electronic signature (and your authorization) and allows you to either cancel or amend the bill

- E. The Individual responsible for establishing bills of collection will review the New Bill to determine if the bill reflects correct information. They will verify the proper fund for collections using the agreement document. They will Audit the Bill in VISTA AR, which will create an accounts receivable record, generate a Remittance Letter, and transmit a transaction to FMS.
- F. Audit an Electronic Bill
 - a. This option displays a new bill for review, allows the auditor to approve it, and if approved, continues the bill through AR processing.
 - b. The option asks if you wish to "Loop" through all New Bills. This feature facilitates the clerk's job eliminating the need to determine the new bills and enter it in for auditing. The computer will then display the information it has stored for each bill. After reviewing and/or editing the bill, you will be prompted for your Electronic Signature Code. If your Electronic Signature Code is entered correctly, you will see a message informing you that an FMS

document has been created and sent and you can proceed to audit other bills or return to your menu.

4. Agent Cashier

- A. The Agent Cashier will receive payment from the Vendor and apply it to the VISTA AR Bill Number. The bill will then be “Collected/Closed”.

5. Monitoring

- A. Medical Center Directors are responsible for ensuring that effective monitoring of enhanced use sharing agreements is conducted to ensure the accuracy and timeliness of associated billing and collection activities.
- B. Facilities must perform quality assurance reviews to ensure billing accuracy and timely follow-up of open receivables as prescribed in VHA Handbook 1730.02, VHA Finance Quality Assurance Reviews. At a minimum, reviews must include:
 - a. Ensure that all sharing agreements have been billed.
 - b. For those billed, validate that correct billing amounts were utilized based on applicable agreement terms.
 - c. Conduct a reconciliation to identify differences between collected amounts and received amounts.
 - d. Document results.
 - e. Develop a corrective action plan which allows for follow-up on items found during the review and assignments made to Fiscal, Contracting and other medical service facility personnel.

Results will be sent to the VHA Office of Finance (10A3) following conclusion of each review. Corrective action plans must be submitted according to the standards in VHA Handbook 1730.02.

AUTHORITIES AND REFERENCES

[VA Financial Policies and Procedures Volume V – Chapter 6 - Accounts and Interest Receivables](#)

[Accounts Receivable \(AR\) Financial-Administrative Section Version 4.5 - AR Manuals](#)

[US Code 38, 8122 Authority to Procure and Dispose of Property and to Negotiate for Common Services](#)

[US CODE 38; 8153 - Sharing of Health-Care Resources](#)

[US Code 38; 811 Sharing of Department of Veterans Affairs and Department of Defense](#)

[US Code 38, 2412 Lease of Land and Buildings](#)

[VA Directive 7632 - Compliance with the Randolph Sheppard Act](#)

[VA Directive 7415 - Enhanced-Use Leasing Program](#)

[VA Handbook 7454 - Enhanced-Use Leasing Post Transaction](#)

[VHA Handbook 1820.1 - Sharing Use of Space](#)

[VHA Handbook 1660.4 - VA-DOD Health Care Resources Sharing](#)

[CEOSH-Guidebook - Healthcare Engineering and Capital Asset Management
Guidebook \(Section G Enhanced Sharing Use of Space Program; page 215\)](#)

[OGC/025 Paper - The General Distinctions Between Licenses, Permits, Leases,
Easements, Enhanced-Use Lease, Sharing Agreements, and MOUs](#)

[IL-00CFM-11-01 - Office of Construction & Facilities Management Information Letter](#)

[Land Use Agreement Quick Reference Guide - PreDraft 8/5/15](#)